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REPORT

OF THE COMMITTEE ON

INTERNAL IMPROVEMENT,

UPON THE MEMORIAL OF

P. CROWLEY AND JOHN GORMAN,

Praying that the Chesapeake and Ohio Canal Company, may be authorized to fund the scrip of said company now held by the memorialists.

The committee on Internal Improvements to whom was referred the memorial of P. Crowley, have had the same under consideration and beg leave to submit the following

REPORT:

The present condition of our various works of internal improvement, is known to all from the annual and supplemental reports which have been returned to his Excellency the Governor, by the respective companies engaged in those works. It is needless for this committee, to take a retrospective view and recount the many obstacles and difficulties which these works, have had to encounter in their onward progress to a successful prosecution. The fact is well ascertained that when they were first projected the grand scheme, was not only thought feasible but certain. Men of both parties, honest in their convictions, believed, looking to New York and Pennsylvania, as examples that the trade, prosperity and happiness of our State, would be greatly increased if these works were entered upon and prosecuted successfully. Owing to the peculiar geographical position of our State, it was likewise thought, that a chain of works leading from the Chesapeake Bay to the Ohio river would be the means of diverting the Western trade from its Northern route, within our own borders, and developing the mineral wealth of certain sections, which otherwise must forever lie dormant. Under these impressions and convictions the State embarked largely in the great work, hoping as all the friends of Internal Improvement did, that their most sanguine wishes might be realized. But time revealed the false estimates which had been made. Unforseen difficulties, from time to time presented themselves, until those who had been the friends, became the enemies of the whole system. The State after having com-

menced, deemed it not sound policy to discontinue. A large debt had already been incurred, and it was thought expedient to carry out the original intention, in order that a means might be provided, which would ultimately liquidate the debt. Consequently further appropriations were made from year to year to the various Internal Improvement works. How this has resulted is known to all. From mismanagement, and a neglect to discharge duties faithfully the onerous debt, has been brought about which weighs and presses so heavily upon the people at the present time. However much we may lament this state of case, yet in turning from the dark side of the picture there is still something to brighten and cheer our hopes. The reports made by the different companies warrant us in saying that the day is not far distant when these works of Internal Improvement will yield to the State a handsome revenue. It is confidently believed from reasonable estimates that the State during the current year will receive from the Washington branch and the Baltimore and Ohio Rail Road, the sum of more than $80,000. From the Baltimore and Susquehanna Rail Road company the sum of $20,000, and by a law passed this session of the legislature allowing this company to borrow a sum not exceeding the sum of $150,000, for the purpose of purchasing locomotives, cars and machinery, it is thought the annual amount which will be paid into the treasury in future will be from 40 to $50,000. The Susquehanna and Tidewater Canal Company is also expected during the current year to pay into the treasury the sum of $67,056.00. It is true there are other works paying nothing to the State and in which the State is greatly interested. I refer now more particularly to the Chesapeake and Ohio Canal. The historyof this great work all are familiar with. The checks and restraints placed upon its operations; the opposition of its enemies and rivals, the many trials and difficulties it has had to encounter, have all had the effect to paralize its energies and defeat the object of its original undertaking. But the gloomy aspect of affairs is now somewhat changed. Under the law which passed at the last session 'for the completion of the canal to Cumberland,' the company with that indefatigable industry which has always characterised them, have been enabled to make a contract by which the completion of the canal to Cumberland is rendered certain, we may say, beyond the possibility of a doubt. Your committee have examined the law and find from the communication of the President and Directors of the Chesapeake and Ohio Canal Company, that in carrying out the provisions of that law, they have complied literally and strictly with all its requirements. The unfinished portion of the canal will be completed in less than two years and when this is done, we may expect to derive revenue from a source which has heretofore been profitless.

With these preliminary remarks your committee will now refer to the memorial which has been more particularly the subject of their consideration.

The memorialist P. Crowley represents that during the years

1839 and '40 he was a contractor upon the Chesapeake and Ohio Canal, and was obliged to receive for services a large amount of scrip which the company as yet have made no provision for, either principal or interest. He now prays this honorable body to pass a law authorising the Canal Company to issue bonds of a similar character to those they are now issuing to the present contractors in order to fund the script referred to; and should this prayer not be granted he then further prays that the canal company be required to receive the script in payment of tolls which may arise upon the canal. Your committee feel constrained to say that they think it would not only be inexpedient and impolitic but likewise doing injustice to the canal company at the present time, to grant the prayer of the memorialist. As to the funding of canal script, which may be held by different persons, at some future time; your committee have nothing to say, but to do it now, under existing circumstances would in their judgment produce great embarrassment and disconcert the plans which the company are at present engaged in carrying out. A law rigid in its provisions as has been already stated, was passed at the last session, authorising the canal company to borrow on bonds of the company a large sum of money, with preferred liens on its resources, for the purpose of completing the canal to Cumberland. The State by the same law waived her liens and rights upon the revenue and tolls of the canal, so that the bonds of the company might be preferred liens. Under this law the company have already completed the contract, and are about to issue a large amount of bonds. It must then be apparent to all should the prayer of the memorialist be granted, it would be not only in direct violation of the law, but of a contract made under that law. The contractors holding the bonds of the company have preferred liens on the revenue and tolls, no other bonds therefore than those issued to the present contractors could be preferred liens, the contract having now been consumated. To fund the script in the manner prayed for, by compelling the canal company to issue similar bonds to the script holders would be impairing the obligation of contracts which the State has no right to do. In addition to this, your committee think that the company now could not be required to take the script referred to in payment of tolls on the canal. It more properly belongs to the contractors who hold the bonds which are preferred liens to say whether they would take depreciated paper for revenue when their contract was silent on the subject. But should this Legislature think differently and grant the prayer of the memorialist, it is the opinion of your committee, that it will inevitably result in frustrating the plans which the company have already entered into for the completion of the canal to Cumberland. Moved by these considerations, your committee have thought proper to report unfavorably upon the memorial, believing as they do, that the success of the canal depends upon it, and likewise in some degree the prosperity of the State.

JAMES FERGUSSON, Chairman.

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